

Message Text

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71

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 OMB-01 SSC-01 CPR-01 STR-04 ITC-01

AGR-05 /077 W

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P R 201926Z AUG 76

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 6839

INFO AMEMBASSY CARACAS

USSOUTHCOM

AMCONSUL CALI

AMCONSUL MEDELLIN

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E.O. 11652: N/A

TAGS: PGOV, PINT, PDIP, ECIN, ECON, CO

SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY. FORMER AMBASSADOR TO THE U.S. AND PRESIDENTIAL HOPEFUL TURBAY, WAS DUE TO RETURN FROM WASHINGTON WITH THE INTENTION OF UNITING THE LIBERAL PARTY, BUT LOOMING CONGRESSIONAL SCANDALS MAY TARNISH HIS HOMECOMING. AMBASSADOR SANCHEZ PRESENTED COPIES OF HIS CREDENTIALS TO THE FOREIGN MINISTER. ANDEAN PACT MINISTERS, MINUS THE CHILEAN REPRESENTATIVE, REACHED AGREEMENT ON MODIFICATIONS TO DECISION 24 AND ON THE COMMON EXTERNAL TARIFF. THE LOPEZ ADMINISTRATION MOUNTED A CAMPAIGN TO DEFEND ITS ECONOMIC MEASURES. END SUMMARY.

2. TURBAY'S RETURN RAISES QUESTIONS ABOUT HIS FUTURE.

FORMER AMBASSADOR TO THE UNITED STATES JULIO CESAR TURBAY WAS DUE TO RETURN TO COLOMBIA THE EVENING OF JULY 20 TO A WARM WELCOME BY HIS SUPPORTERS FROM ALL PARTS OF COLOMBIA
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CONGREGATING IN BARRANQUILLA. HE HAD ANNOUNCED THAT HE

WAS RETURNING TO UNITE THE BADLY DIVIDED LIBERAL PARTY AND WOULD NOT AT THIS TIME LAUNCH HIS CANDIDACY FOR THE 1978 PRESIDENTIAL ELECTIONS. ON THE EVE OF HIS RETURN THE PARTY'S THREE-MEMBER LEADERSHIP RESIGNED. IN FINAL RECOGNITION THAT IT HAD LOST THE SUPPORT OF ALL FACTIONS. IN SPITE OF TURBAY'S STATED INTENTION TO REUNITE THE PARTY, INFIGHTING WILL PROBABLY NOW INCREASE. HE COULD SERVE AS A CATALYST FOR UNIFICATION ONLY BY RENOUNCING ONCE AND FOR ALL HIS PRESIDENTIAL AMBITIONS, AN EXTREMELY UNLIKELY EVENT. MEANWHILE, CONGRESSIONAL SOURCES TOLD US THAT A BREWING MAJOR SANDAL INVOLVING CONGRESSIONAL CORRUPTION WILL SURFACE IN THE NEAR FUTURE, IMPLICATING MANY CONGRESSMEN AND CONGRESSIONAL EMPLOYEES CLOSE TO TURBAY. TURBAY, LONG PROUD OF HIS CONTROL OF THE PARTY MACHINERY, AND RESULTING POWER IN THE CONGRESS TO NAME COMMISSION HEADS AND CONGRESSIONAL EMPLOYEES, MAY FIND IT DIFFICULT TO DISASSOCIATE HIMSELF FROM THE SCANDALS. THIS, OF COURSE, IS HIS DETRACTORS' AIM. TURBAY'S ARCHFOE, FORMER PRESIDENT CARLOS LLERAS, HAS PROMISED THAT IF THE CONGRESS DID NOT REVEAL THE MISDEEDS AND MISDOERS, HE WOULD DO SO FROM THE PAGES OF HIS WEEKLY PUBLICATION, NUEVA FRONTERA. THE STAGE IS SET FOR A TURBULENT POLITICAL PERIOD.

3. FOREIGN MINISTER RECEIVES AMBASSADOR SANCHEZ. ON AUG 17 AMBASSADOR SANCHEZ, ACCOMPANIED BY THE DCM, PRESENTED COPIES OF HIS CREDENTIALS TO FOREIGN MINISTER LIEVANO IN A VERY CORDIAL INTERVIEW. LIEVANO REITERATED HIS "OPEN-DOOR" POLICY FOR THE U.S. AMBASSADOR, A DEGREE OF ACCESS NOT PROVIDED TO ANY OTHER DIPLOMATIC MISSION IN COLOMBIA. AMBASSADOR SANCHEZ IS EXPECTED TO PRESENT HIS CREDENTIALS TO PRESIDENT LOPEZ SHORTLY.

4. ANDEAN PACT MEETING IN BOYACA, COLOMBIA. THE ANDEAN PACT MINISTERIAL LEVEL MEETING, (REF BOGOTA 8304) MINUS CHILE, REACHED AGREEMENT ON MODIFICATIONS TO DECISION 24 AND ON THE COMMON EXTERNAL TARIFF. THE PRESENT LIMIT ON THE REMITTANCE OF PROFITS ON FOREIGN INVESTMENTS WILL BE RAISED FROM 14 TO 20 PERCENT WITH PROVISION FOR ADDITIONAL REMITTANCE IF A MEMBER COUNTRY FINDS IT NECESSARY. THE AUTOMATIC REINVESTMENT LIMIT WAS RAISED FROM FIVE TO SEVEN PERCENT AND INVESTMENT FROM ANDEAN COUNTRIES WILL BE CONSIDERED TO BE NATIONAL INVESTMENT. AGREEMENT LIMITED OFFICIAL USE

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WAS ALSO REACHED TO LOWER MINIMUM EXTERNAL TARIFFS, BUT NOT TO THE EXTENT THAT CHILE HAD REQUESTED. THE COLOMBIANS BELIEVED THAT THE AGREEMENT, CALLED THE DECLARATION OF BOYACA, WENT ABOUT AS FAR TOWARD COMPROMISE WITH THE CILEAN POSITION AS IS PRESENTLY POSSIBLE.

5. ADMINISTRATION DEFENDS ECONOMIC MEASURES. THE ADMINISTRATION THIS WEEK MADE AN UNUSUAL EFFORT TO DEFEND ITS ECONOMIC

MEASURES AND MANAGEMENT. IN SEVERAL APPEARANCES THE
MINISTERS OF AGRICULTURE AND FINANCE AND PRESIDENT LOPEZ
DEFENDED LAST WEEKS SERIES OF ECONOMIC MEASURES(BOGOTA 8209)
AND THE ADMINISTRATION'S ONGOING ECONOMIC MANAGEMENT. THE
THRUST OF THE GOVERNMENT'S ARGUMENTS IS THAT INFLATION
IS THE TRUE ENEMY OF INCOME DISTRIBUTION AND HEALTHY
GROWTH AND THAT TRADE LIBERALIZATION IS A HISTORICAL GOAL
WHICH PRESENT HIGH COFFEE PRICES MAKES REALIZABLE AND WHICH
INFLATION MAKES NECESSARY.THE MINISTER OF FINANCE PROMISED
FURTHER TRADE LIBERALIZATIONS.
SANCHEZ

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